

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - November 30, 2006

United States Attorney Carol C. Lam today announced that Robert J. Gallivan, Jr., a registered insurance agent, pled guilty to four counts of insider trading in violation of the federal securities laws.

According to Assistant U.S. Attorney Eric J. Beste, who is prosecuting the case, Gallivan was charged with illegally purchasing, and “tipping” relatives and colleagues to purchase, publicly-traded securities of community banks in 2002 and 2003. During his guilty plea, Gallivan admitted that in making, and alerting others to make these purchases, he used material, nonpublic information about these banks and their advanced discussions with other financial institutions to be acquired by them.

According to court documents, through a sole proprietorship called “Balanced Financial Planning,” Gallivan sold insurance and other products to executives and directors of California community banks. Because of his intimate knowledge of bank insurance, Gallivan’s clients periodically consulted him about the financial impact of mergers and acquisitions on their executive insurance products. Through these consultations Gallivan learned that Valencia Bank & Trust (“Valencia”) and Monterey Bay Bank

("Monterey") were planning to be acquired by other financial institutions, although this information had not yet been publicly announced. Additionally, Gallivan used his longstanding relationship with a prominent investor in California community banks to learn that Sun Country Bank ("Sun Country") and Harbor National Bank ("Harbor") were in advanced merger discussions. Based on this inside information, Gallivan made unlawful trades in Valencia and Sun Country stock, and also told friends and relatives to purchase shares of Valencia, Monterey and Harbor. Some of these purchases were made shortly before a public announcement of an acquisition, resulting in windfall gains to Gallivan and others of more than \$62,000.

United States Attorney Lam said, "Insider traders are simply cheaters who try to rig the system in their favor, and federal prosecution is the price they pay."

Gallivan is scheduled to appear before United States District Court Judge Dana M. Sabraw for sentencing on February 16, 2007 at 9:00 a.m.

The case is the result of an investigation by the Federal Bureau of Investigation, San Diego Division, working cooperatively with the United States Securities and Exchange Commission, Division of Enforcement.

DEFENDANT

Case Number: 06cr2489-DMS

Robert J. Gallivan, Jr.

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Count 1: Securities Fraud /Insider Trading - Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Sections 240.10b-5, 240.10b5-1 and 240.10b5-2. Maximum penalty: 10 years' imprisonment, \$1,000,000 fine

Counts 2-4: Securities Fraud/Insider Trading - Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Sections 240.10b-5, 240.10b5-1 and 240.10b5-2. Maximum penalty: 20 years' imprisonment, \$5,000,000 fine (penalty enhanced by Sarbanes-Oxley Act of 2002.)

AGENCIES

Federal Bureau of Investigation
United States Securities and Exchange Commission